Washington, D.C. - Today, Congressman Joe Sestak (PA-07) voted for H.R. 2920, the Statutory Pay-As-You-Go Act of 2009, which passed by a margin of 265-166. The bill strengthens the “pay-as-you-go” (PAYGO) rule that the Congressman voted for on his second day in Congress by making it public law-- rather than a House rule-- that Congress must find five and ten year offsets for all new legislation which reduces revenues or expands entitlement spending. To ensure compliance, the bill includes an enforcement mechanism which will withhold spending for mandatory programs if Congress has not paid for the costs of all legislation enacted during the year. Congressman Sestak did vote for the bill because it is an essential first step toward ensuring stronger fiscal discipline, but he also believes that the bill should have gone further—applying PAYGO requirements on discretionary spending and not only mandatory spending. He intends to continue to work on implementing this necessary provision.

“Ultimately, I voted for the bill because it strengthened PAYGO rules which I have supported since my first day in office. Strengthening this rule ensures that we are able to implement critically needed programs for American families, while ensuring our nation’s fiscal health, said Congressman Sestak.

Congressman Sestak first voted to implement PAYGO rules in 2007-- reinstating PAYGO for the first time since 2002. Like H.R. 2920, the 2007 rule required that Congress find an offset for all mandatory spending which increased entitlement spending for programs like Social Security, Medicare, and Medicaid or reduced revenues by cutting taxes. However, that rule lacked an enforcement mechanism and required Congressional re-approval every new session of Congress. Subsequently, Congress passed a stronger PAYGO rule in January 2009 which aligned the House’s PAYGO rules with those of the Senate. At that time, Congressman Sestak called for statutory PAYGO requirements that applied to both mandatory and discretionary spending.

The Statutory Pay-As-You-Go Act of 2009, which passed today, will further strengthen the House and Senate PAYGO requirements and ensure its enforcement. Specifically, the bill includes the following provisions:

Establish new statutory pay-as-you-go (PAYGO) rules for budget enforcement. It requires legislation affecting mandatory spending or tax revenue to be "budget neutral," or not increase the deficit. The new statutory PAYGO rules would be enforced through sequestration, i.e., automatic, across-the-board spending cuts to bring the budget back into balance.

Require the Office of Management and Budget (OMB) to maintain a PAYGO ledger and to determine whether a sequestration would be needed. Under the bill, OMB would be required to develop estimates of the average annual impact of legislation over a 10-year period consisting of the upcoming budget year and nine subsequent years. The average would be recorded on the PAYGO ledger for each fiscal year through FY 2013.

If the amounts recorded on the PAYGO ledger for the budget year amount to a net cost, the president would order a sequestration of certain mandatory programs — excluding those declared exempt by this bill.

Include an exemption for legislation designated as emergency, as Congress did in the American Recovery and Reinvestment Act.
Allow legislation providing that designated current policies to be extended without offsets. The impact of these exclusion is to increase the deficit by about $800billion for the 2010-2014 time frame. The exclusion covers high priority actions for which the Congress has voted yearly extensions..
Medicare physician payments
Alternative Minimum Tax
Extension of child tax credit, marriage penalty relief and reduction in income tax rates for taxpayers with incomes below $250,000
The current estate tax exemption and rate

Require any future extension of upper income tax cuts to be offset.

Force a serious examination of wasteful subsidies in the budget and tax loopholes that can be eliminated to offset more worthwhile programs.

Ensure that we can afford to fund America’s most important priorities consistently for future generations.

Exempt spending on discretionary programs funded in appropriations bills, such as:
Low Income Heat Energy Assistance Program (LIHEAP)
Women Infants and Children Nutrition Program (WIC)
Head Start
housing assistance
Pell grants

Establish an enforcement mechanism: a sequester in non-exempt mandatory programs at the end of the year if Congress has not “paid for” the costs of all legislation enacted during the year. Certain designated programs are exempt from the sequester, including:
Social Security
Medicaid
Food Stamps
Other programs targeted at low-income populations

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including as Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of “Deep Blue,” the Navy’s anti-terrorism unit that established strategic and operations policies for the “Global War on Terrorism.” He served as President Clinton’s Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.